

# The Military Family Protection from Debt Act

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**Endorsed By:** National Guard Association of the United States

## The Issue:

The Servicemembers Civil Relief Act (SCRA) protects our reserve component servicemembers by capping the interest rates on car, home, student loans, and other debt accrued when they are called to active duty. Unfortunately, debt taken out by a servicemember's family isn't always in the servicemember's name. For example, many car loans may be in the name of a spouse or dependent, or a home loan may be jointly shared with a spouse.

Data from the Status of Forces Survey (SOFS) shows that more than 25% of active servicemembers and almost a third of Reserve Component servicemembers have difficulty making ends meet. A little over one-third of servicemembers report having zero or less than one month of emergency savings, and nearly one-fifth of members spend all or more of their income on a monthly basis.<sup>1</sup> Service should not burden any military family, and a family sacrificing for our country does not deserve to live trapped in debt because of artificially-high interest rates.

## Protecting Military Families:

To provide military families with the peace of mind they deserve when their family member is called to active duty, the *Military Family Protection from Debt Act* would expand SCRA's debt protections to include debt held by the dependents of Reserve Component members. This would cap a military child or spouse's debt at six percent during the servicemember's time on active duty. This change will help reduce interest rates on pre-service loans for the families of active servicemembers and ease any financial burdens while their servicemember is deployed.

Military families sacrifice alongside our servicemembers when on deployment. Congress should provide them with any protections they need to keep food on the table and a roof over their head.

This issue has been noted as a priority by the Chief of the Army Reserve.

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<sup>1</sup> DOD, Department of Defense Annual Report on the Financial Literacy and Preparedness of Members of the Armed Forces, December 2020, p.9